

ORIGINAL

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5 Attorneys for Debtors and
 6 Debtors-in-Possession

FILED

JAN - 5 2001

CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

ENTERED

JAN 8 2001

CLERK, U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
Deputy Clerk

UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA

SANTA ANA DIVISION

11 In re) Case No. SA 00-12370 LR
 12 FIRST ALLIANCE MORTGAGE COMPANY,) Chapter 11 Case
 a California corporation, et al.,)
 13 Debtor.) (Jointly Administered with
) Case No. SA 00-12371 LR;
) Case No. SA 00-12372 LR; and
) Case No. SA 00-12373 LR)

15 Affects All Debtors.

16 FIRST ALLIANCE MORTGAGE COMPANY,)
 a Calfironia corporation)
 Case No. SA 00-12370 LR)
 18 Affected by this Pleading)

19 FIRST ALLIANCE CORPORATION,)
 a Delaware corporation)
 Case No. SA 00-12371 LR)
 21 Affected by this Pleading)

22 FIRST ALLIANCE MORTGAGE COMPANY,)
 a Minnesota corporation)
 Case No. SA 00-12372 LR)
 24 Affected by this Pleading)

25 FIRST ALLIANCE PORTFOLIO SERVICES,)
 INC., a Nevada corporation)
 Case No. SA 00-12373 LR)
 27 Affected by this Pleading)

ORDER:

(1) AUTHORIZING EMPLOYMENT
 OF CROSSROADS, LLC AS
 LITIGATION CONSULTANT; AND
 (2) ESTABLISHING MONTHLY
 PAYMENT PROCEDURE

Hearing:

DATE: December 12, 2000
 TIME: 2:00 p.m.
 CTRM: 5D

1 The Application for Authority to Employ Crossroads, LLC as Litigation Consultant and
2 to Establish Monthly Payment Procedure ("Application"), filed by First Alliance Mortgage Co., a
3 California corporation, First Alliance Corporation, a Delaware corporation, First Alliance
4 Mortgage Company, a Minnesota corporation, and First Alliance Portfolio Services, a Nevada
5 corporation, the debtors and debtors-in-possession in these jointly administered chapter 11 cases
6 (collectively, the "Debtors"), came on for hearing on December 12, 2000, at 2:00 p.m., before the
7 Honorable Lynne Riddle, United States Bankruptcy Judge, in Courtroom 5D of the United States
8 Bankruptcy Court, located at 411 West Fourth Street, Santa Ana, California.

9 The Debtors appeared by and through their counsel of record, William N. Lobel and
10 Jeffrey Reisner of Irell & Manella LLP. Joel Samuels of Sidley & Austin appeared on behalf of
11 Crossroads, LLC ("Crossroads"). Gary Caris of Frandzel, Robins, Bloom & Csato, L.C. appeared
12 on behalf of the Borrowers' Committee. All other appearances with respect to this matter were
13 noted on the Court's record.

14 The Court having read and considered the Application, the supporting declaration of
15 Dennis I. Simon attached thereto, the opposition filed by the Borrowers' Committee, and having
16 considered the arguments of counsel on the record of the hearing and the record in this case, and
17 the Court having found that (a) notice of the Application was proper; (b) Crossroads is not a
18 professional person within the meaning of 11 U.S.C. § 327(a), and is disinterested within the
19 meaning of 11 U.S.C. § 101(14) of the Bankruptcy Code; and (c) the Court having made such
20 other findings of fact and conclusions of law as set forth on the record of the hearing in accordance
21 with Federal Rule of Bankruptcy Procedure 7052; and for good cause shown,

22 **IT IS HEREBY ORDERED** that:

23 A. The objections of the Borrowers' Committee to the Application are overruled.
24 B. The Application is approved in its entirety, and the Debtors' chapter 11 counsel,
25 Irell & Manella LLP ("I&M"), is authorized to employ Crossroads as litigation consultant with
26 compensation in such amount as the Court may hereafter allow in accordance with law, on the
27 terms and conditions set forth in the Application.

28

1 C. I&M is authorized to employ Crossroads, effective *nunc pro tunc* as of July 5,
2 2000, pursuant to the terms and conditions established by the engagement letter agreement
3 attached as Exhibit "1" to the Simon Declaration appended to the Application, and on the terms
4 and conditions set forth in the Application.

5 D. Upon presentment of monthly invoices by Crossroads, the Debtors are authorized
6 to pay Crossroads the amount of such invoices, provided that Crossroads complies with the
7 provisions of the monthly payment procedures described in the Application.

8 DATED: Jan. 5, 2001

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10
11 THE HONORABLE LYNNE RIDDLE
12 UNITED STATES BANKRUPTCY JUDGE

13 PRESENTED BY:

14 IRELL & MANELLA LLP

15 By: William N. Lobel
16 Jeffrey M. Reisner
Mike D. Neue
Attorneys for Debtors
and Debtors-in-Possession

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PROOF OF SERVICE

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action. My business address is 840 Newport Center Drive, Suite 400, Newport Beach, California 92660-6324.

On December 21, 2000, I served the foregoing document described as **ORDER: DENYING EMPLOYMENT OF FRANDZEL ROBINS BLOOM & CSATO, LC AS SPECIAL LITIGATION COUNSEL FOR THE BORROWERS' COMMITTEE** on each interested party, as stated on the attached service list.

(BY MAIL) I placed a true copy of the foregoing document in a sealed envelope addressed to each interested party, as stated on the attached service list. I placed each such envelope, with postage thereon fully prepaid, for collection and mailing at Irell & Manella LLP, Newport Beach, California. I am readily familiar with Irell & Manella LLP's practice for collection and processing of correspondence for mailing with the United States Postal Service. Under that practice, the correspondence would be deposited in the United States Postal Service on that same day in the ordinary course of business.

Executed on December 21, 2000, at Newport Beach, California.

I certify that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

I declare under penalty of perjury that the foregoing is true and correct.

Leslie Wolchuck
(Type or print name)

Leslieewolchuk
(Signature)

1 Arthur Marquis, Esq.
2 Office of the United States
3 411 West Fourth Street, Suite 9041
3 Santa Ana, CA 92701-8000

4 **Counsel to Borrowers Committee**

5 Larry W. Gabriel, Esq.
5 Pachulski, Stang, Ziehl, Young & Jones
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6 Los Angeles, CA 90067

7 **Counsel to Crossroads, LLC**

8 Joel Samuels, Esq.
9 Sidley & Austin
9 555 West Fifth Street
10 Los Angeles, CA 90013

Francisco Nebot
First Alliance Mortgage Company
17305 Von Karman Avenue
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5 **Counsel for the Unsecured Creditors
Committee**

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9 **Counsel for Borrowers Committee**

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NOTICE TO USERS OF THIS FORM:

Physically attach this form as the last page of the proposed Order or Judgment.
Do not file this form as a separate document.

In re: (SHORT TITLE)
**FIRST ALLIANCE MORTGAGE
COMPANY**, a California corporation;
FIRST ALLIANCE CORPORATION,
a Delaware corporation;
**FIRST ALLIANCE MORTGAGE
COMPANY**, a Minnesota corporation;
**FIRST ALLIANCE PORTFOLIO
SERVICES, INC.**, a Nevada
corporation
Debtor and Debtor in Possession

**CHAPTER 11 CASE NUMBER:
SA 00-12370 LR
(Jointly administered with cases
SA 00-12371 LR, SA 00-12372 LR and
SA 00-12373 LR)**

**NOTICE OF ENTRY OF JUDGMENT OR ORDER
AND CERTIFICATE OF MAILING**

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

You are hereby notified, pursuant to Local Bankruptcy Rule 9021-1(1)(v), that a judgment or order entitled (specify):

ORDER: (1) AUTHORIZING EMPLOYMENT OF CROSSROADS, LLC AS LITIGATION CONSULTANT; AND (2) ESTABLISHING MONTHLY PAYMENT PROCEDURE

was entered on (specify date):

JAN 8 2001

I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and entities on the attached service list on (specify date):

JAN 8 2001

Dated:

JAN 8 2001

JON DAVID CERETTO
Clerk of the Bankruptcy Court

Byz

Deputy Clerk

1
2 Arthur Marquis, Esq.
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